

IBKRWEBINARS.COM



October 24, 2023

Cboe Global Markets

Options Tactics (Part 3) – Optimal Exits and Efficient Management

Jose Blasco

Trader & Founder
Traddictiv

Exchange and Industry Sponsored Webinars are presented by unaffiliated third parties. Interactive Brokers LLC is not responsible for the content of these presentations. You should review the contents of each presentation and make your own judgment as to whether the content is appropriate for you.

Interactive Brokers LLC does not provide recommendations or advice. This presentation is not an advertisement or solicitation for new customers. It is intended only as an educational presentation.



Disclosure:

Options involve risk and are not suitable for all investors. For information on the uses and risks of options, you can obtain a copy of the Options Clearing Corporation risk disclosure document titled Characteristics and Risks of Standardized Options by visiting ibkr.com/occ. Multiple leg strategies, including spreads, will incur multiple transaction costs.

Futures are not suitable for all investors. The amount you may lose may be greater than your initial investment. Before trading futures, please read the [CFTC Risk Disclosure](#). For a copy visit interactivebrokers.com.

There is a substantial risk of loss in foreign exchange trading. The settlement date of foreign exchange trades can vary due to time zone differences and bank holidays. When trading across foreign exchange markets, this may necessitate borrowing funds to settle foreign exchange trades. The interest rate on borrowed funds must be considered when computing the cost of trades across multiple markets.

The Order types available through Interactive Brokers LLC's Trader Workstation are designed to help you limit your loss and/or lock in a profit. Market conditions and other factors may affect execution. In general, orders guarantee a fill or guarantee a price, but not both. In extreme market conditions, an order may either be executed at a different price than anticipated or may not be filled in the marketplace.

There is a substantial risk of loss in trading futures and options. Past performance is not indicative of future results.

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.

- IRS Circular 230 Notice: These statements are provided for information purposes only, are not intended to constitute tax advice which may be relied upon to avoid penalties under any federal, state, local or other tax statutes or regulations, and do not resolve any tax issues in your favor.
- Interactive Brokers LLC is a member of [NYSE](#) [FINRA](#) [SIPC](#)

Disclaimers:

The following videos/clips/demonstrations are for educational and instructional purposes only. Traddictiv provides these videos purely for the purpose of demonstrating a method of using the product. Users understand that all the content used in the video is purely for demonstration purposes only and is not a guide and does not provide any indication or prediction of actual results.

As a User you understand and agree that hypothetical results obtained through the demonstration, do not indicate, in any way, the results you may receive on using our products.

Options Tactics – Part 3/3

Optimal Exits and Efficient Management



Jose Blasco
jose@traddictiv.com



Agenda

1. Introductions
2. The 3-Part Series
3. Set-And-Forget vs. Exiting Early
4. Evolving Strategies into other Strategies
5. Hedging
6. Real-Time Examples & Applications
7. Executing with TWS
8. Bonus
9. The Certificate of Attendance
10. Q&A



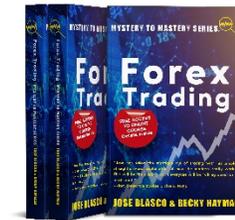
Introduction

Traddictiv Pte. Ltd.

is a trading technology company that provides intelligent tools for traders, investors and hedgers. They also offer education for everyone from the hobbyist to the professional, always along with their patented and easy-to-use trading technology.

Jose Blasco

is a versatile multi-asset trader with expertise in options, equities, futures, and currencies. As the Principal of Traddictiv PTE. LTD., he develops advanced trading technology and implements diverse strategies across global markets. With accolades as an award-winning instructor, published author, and former engineering professor, Jose regularly appears in in-person and online events, sharing his knowledge, experience, and passion for trading and technology with others. His multilingual skills keep him connected to international markets, providing a global perspective for his trading endeavors.



Mystery To Mastery Series

#1 New Release in:

- Online Trading
- Risk Management
- Foreign Exchange

tradewithufos.com/book

 [tradewithufos](#)

 [tradewithufos](#)

 [tradewithufos](#)

 [tradewithufos](#)



3 Parts

Options Tactics: 3 Webinars leading to a Certificate of Attendance

1. Simplifying Entries & Strike Selection for Directional Traders
2. Recurring Non-Directional Plays for Active Traders
3. Optimal Exits and Efficient Management

Tools (replaceable based on trader's preferences):

- Options: We will use Options on the S&P 500 Index, knowing that the techniques learned are applicable to other assets as well
- TradingView for Charts & TWS for Options Data and Execution
- All technical tools used in Webinar #1 and #2

Any stock, options or futures symbols displayed are for illustrative purposes only and are not intended to portray recommendations.



** Copyright © 2023 traddictiv PTE.LTD All rights reserved. ** The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

3 Webinars

Attend the 3 Webinars part of this IBKR Webinar Series and enjoy unique bonus benefits such as:

- Certificate of Attendance
- Traddictiv® Tools
- Additional Education
- Live Coaching

Catch up with recordings if you missed the prior webinar:

<https://ibkrcampus.com/webinar-categories/webinars-aired>

Let's begin!



Entries vs. Exits

- A typical conversation between new traders and experienced traders
- New traders tend to put more emphasis in entries
- Experienced traders have likely realized that exits are just as important if not more than entries
- Given the liquidity levels of Options on key Indices such as the S&P 500 Index, we can exit trades any time when our rules suggest to do so

Directional Exit Strategies

With directional trades, the ideal outcome is to reach the final target set before executing such trade, but that is not always possible... There are times when a market will:

- Reach our target quickly
- Reach our target slowly
- Not reach our target and change its Climate

In such cases, our trade could benefit from some Trade Management...

We will focus first on closing actions. We will then focus on strategy evolutions... We will finally focus on hedging.

Closing Directional Trades

- **Target reached (quickly)**
 - Enjoy!
 - Full profit
- **Target reached (slowly)**
 - Check Climate Sustainability Stats and consider closing the trade if the current climate values surpass the statistical duration of the selected market's Climate
 - Lesser profit
- **Change of Climate (target likely to be missed)**
 - Close the trade for the smallest loss possible
 - Staying in the trade would likely produce a Full loss

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.



Evolving Directional Trades

- **Target reached (quickly)**
 - Evolutions are optional
- **Target reached (slowly)**
 - Check Climate Sustainability Stats and consider evolving the trade if the current climate values surpass the statistical duration of the selected market's Climate
 - Evolutions would reduce the risk and lock in a smaller profit
 - A powerful action could be to butterfly a vertical spread
- **Change of Climate (target likely to be missed)**
 - Evolutions could reduce the risk and give the trade a second chance to profit within a smaller price region close to the target
 - A powerful action could be to butterfly a vertical spread

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.



Butterflying a Spread

CALL Butterfly

+BUY Call
-SELL Call -SELL Call
+BUY Call

Bull Call Spread

-SELL Call
+BUY Call

+BUY Call
-SELL Call

Bull Put Spread

-SELL Put
+BUY Put

+BUY Put
-SELL Put

PUT Butterfly

+BUY Put
-SELL Put -SELL Put
+BUY Put

CALL Butterfly

Bear Call Spread

Bear Put Spread

PUT Butterfly



Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.

** Copyright © 2023 traddictiv PTE.LTD All rights reserved. ** The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

Hedging Directional Trades

- **Target reached (quickly)**
 - Hedging is optional
- **Target reached (slowly)**
 - Check Climate Sustainability Stats and consider hedging the trade if the current climate values surpass the statistical duration of the selected market's Climate
 - Potential for improved profit in exchange for added risk
- **Change of Climate (target likely to be missed)**
 - Hedging could give the trade a second chance to profit as long as a large move takes place in either direction in exchange for added risk

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.

Hedging a Directional Spread

Bull Call Spread

-SELL Call
+BUY Call

Bull Put Spread

-SELL Put
+BUY Put

+BUY micro Put(s)

+BUY micro Calls(s)

+BUY Call
-SELL Call

+BUY Put
-SELL Put

Bear Call Spread

Bear Put Spread



Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.

** Copyright © 2023 traddictiv PTE.LTD All rights reserved. ** The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

Non-Directional Exit Strategies

With non-directional trades, the ideal outcome is to reach the expiration date while our selected market traded within a predefined price range where our options strikes remained OTM at all times, and therefore the options expired worthless, but that is not always possible... There are times when a market will:

- Challenge the predefined price range
- Move in such a way where the options premiums will decrease significantly prior to reaching the expiration date/time

In such cases, our trade could benefit from some Trade Management...

We will focus first on closing actions. We will then focus on strategy evolutions... We will finally focus on hedging.

Closing Non-Directional Trades

- **Price range respected**
 - Enjoy!
 - Full profit
- **Price range challenged**
 - Reaching max. loss has a higher chance
 - Closing the trade would produce a lesser profit or a smaller loss
- **Significant premium reduction**
 - A decent profit is available now; a greater profit could be available, but it would require to continue assuming the original risk in exchange for a limited amount of extra profit
 - Closing the trade would remove the risk and lock in a smaller profit

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.



Evolving Non-Directional Trades

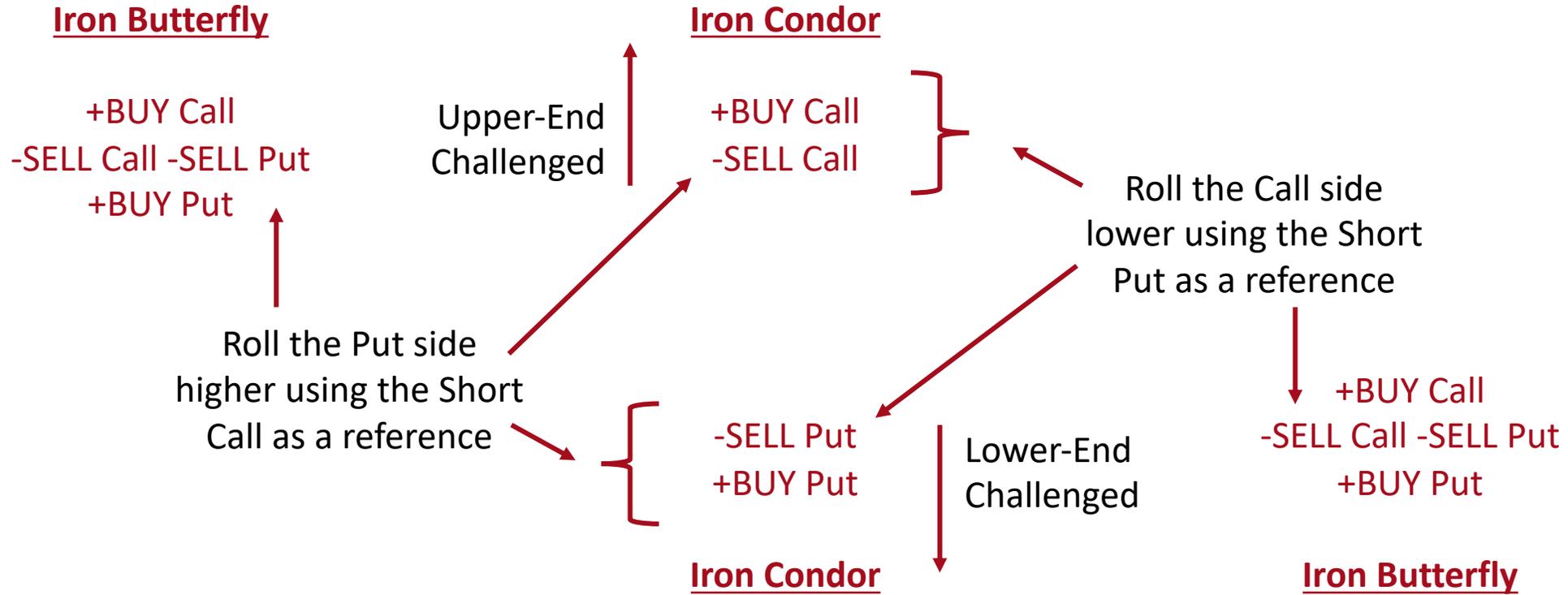
- **Price range respected**
 - Nothing to evolve
- **Price range challenged**
 - Reaching max. loss has a higher chance
 - Evolutions would reduce the risk while give the trade a second chance for profitability within a smaller price range
 - A powerful action could be to convert the Iron Condor into an Iron Butterfly
- **Significant premium reduction**
 - Nothing to evolve

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.



** Copyright © 2023 traddictiv PTE.LTD All rights reserved. ** The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

Butterflying a Condor



Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.



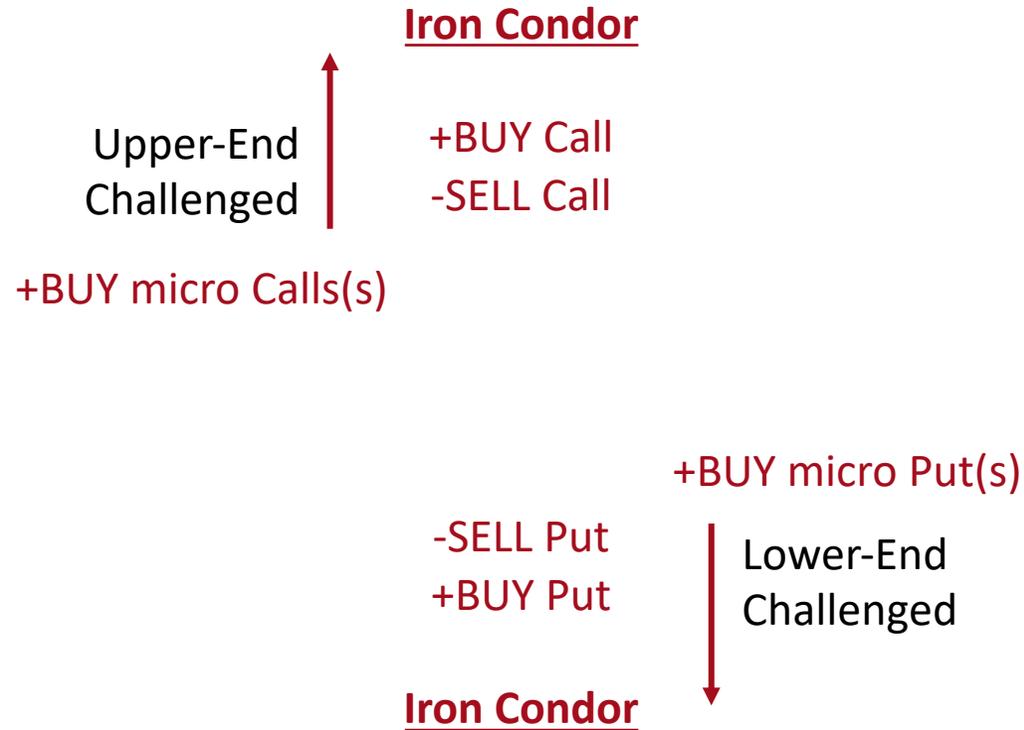
Hedging Non-Directional Trades

- **Price range respected**
 - Nothing to be hedged
- **Price range challenged**
 - Reaching max. loss has a higher chance
 - Hedging would reduce some of the potential for profit left, but would also reduce the risk and allow for a small profit if a very large move took place in the challenging direction
- **Significant premium reduction**
 - Hedging would be cheap
 - Hedging would reduce some of the potential for profit left, but would also reduce the risk and allow for an additional small profit if a very large move took place in either direction

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.



Hedging a Challenged Condor



Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.

** Copyright © 2023 traddictiv PTE.LTD All rights reserved. ** The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.



Hedging when non-challenged

Iron Condor

+BUY Call
-SELL Call

-SELL Put
+BUY Put

Iron Condor

Adding
the
cheap
long
strangle
using
micro
Options

Long Strangle

+BUY micro Call(s)

+BUY micro Put(s)

Long Strangle

Before going LIVE!

In order to get your special Webinar #3 bonus tools...

Scan the next slide QR Code and follow the steps!

We hope you have enjoyed this 3-part Webinar Series...

Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.



** Copyright © 2023 traddictiv PTE.LTD All rights reserved. ** The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

Bonus Resources

Survival2Mastery™ Courses

FUTURES Survival2Mastery Master Trading Applied To The FUTURES Markets	OPTIONS Survival2Mastery Master Trading Applied To The OPTIONS Markets
FOREX Survival2Mastery Master Trading Applied To The FOREX Markets	CRYPTO Survival2Mastery Master Trading Applied To DIGITAL ASSETS
STOCKS Survival2Mastery Master Trading Applied To The EQUITIES Markets	BACK-TESTING Survival2Mastery Refine Your Trading No Matter The MARKET
TRADING PSYCHOLOGY Survival2Mastery Transform The Human Trader In You	TRADING PLANS Survival2Mastery Add Structure Around How You Trade



**up to 3 months of FREE access to AutoUFOs®
for TradingView with our courses**



tradewithufos.com

/courses



95% off
USING
SPECIAL
CODE
SPXXSP



Any trading symbols, entities or investment products displayed are for illustrative purposes only and are not intended to portray recommendations.

** Copyright © 2023 traddictiv PTE.LTD All rights reserved. ** The names traddictiv, tradewithufos, AutoUFOs, AutoClimate, 拓迪福, 交易外星人 and their corresponding associated logos and imageries are trademarks and/or copyrighted material of traddictiv PTE.LTD Singapore. All rights reserved.

Your turn

Any questions?

 www.tradewithufos.com/questions

Jose Blasco
jose@traddictiv.com



 tradewithufos
 tradewithufos
 tradewithufos
 tradewithufos